

GENERAL TREASURER FRANK T. CAPRIO STATE OF RHODE ISLAND TREASURY DEPARTMENT

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"Boldness in planning.

Discipline in execution.

Accountability in performance.

This is the foundation on which a more secure and prosperous Rhode Island can be built."

You are reading the print version of the Rhode Island State Treasury's Strategic Plan for Fiscal Years 2011-2013. This publication is available online for download in PDF form via the General Treasurer's website at

www.treasury.ri.gov/documents/strategic\_plan\_2011.pdf

Please direct all questions and comments regarding the strategic plan and these documents to <a href="mailto:StrategicPlan@treasury.ri.gov">StrategicPlan@treasury.ri.gov</a>

# Letter from General Treasurer Frank T. Caprio



I am pleased to present the following Strategic Plan for Fiscal Years 2011-2013. This plan is the culmination of careful research and steadfast cooperation among all Treasury divisions, with the overarching goal of improving our

performance throughout my term in office and creating a model of efficiency and innovation that will extend to future administrations. The driving force behind our Strategic Plan is a belief that through careful planning and determined execution of those plans, we can begin to address the many concerns and needs of Rhode Islanders.

We initiated our strategic planning and performance management program when I took office in 2008. We published our first Strategic Plan for fiscal years 2009-2011, and committed to revisiting and renewing the plan after each fiscal year-end. During our first two years, all Treasury divisions worked with resounding dedication to achieve goals that sought to leverage technology and to implement innovations that would both reduce costs and improve efficiency. In more than 90% of the goals we laid out, we met and exceeded expectations each year.

Surely the third year will prove no different. Building on our success so far, we offer you the updated Strategic Plan for Fiscal Years 2011-2013.

You will see that our plan is built on four guiding principles: fiscal responsibility, customer service, efficiency through innovation, and information and communication. These principles reflect not only the values of my administration, but also what we believe to be the best potential solutions

to strengthen our operations and the State at large.

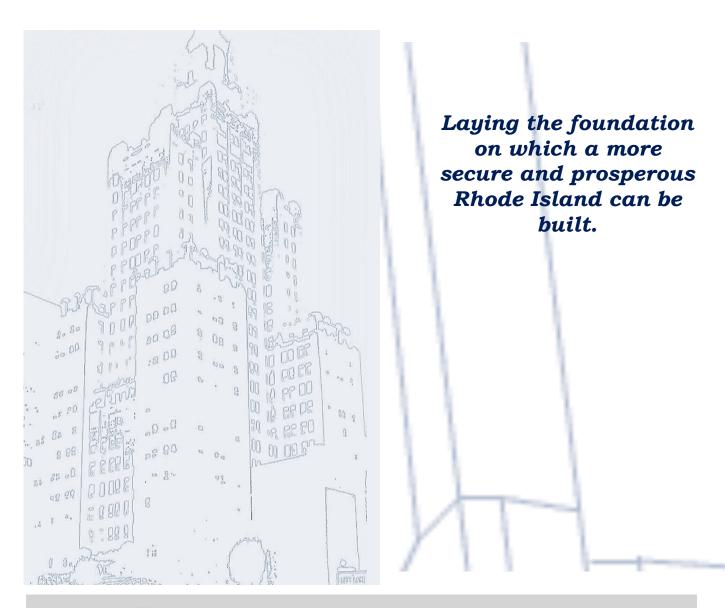
In the current environment, fiscal responsibility is critical. We understand that fiscal responsibility through budget cuts alone cannot sustain good governance. Rather, these measures must dovetail with progressive and innovative ideas if we are to make lasting improvements.

In this year's plan we strive to match and improve upon the goals that were achieved in FYs 2009 and 2010. This means maintaining focus on reducing costs, leveraging technology and improving customer service. Meeting the goals set forth in this year's plan will allow us to take the services we already perform and do them more quickly and accurately, and often at reduced cost. The plan also contains a number of new initiatives that represent the ingenuity of our staff and a department-wide willingness to forge new paths in government.

Even the best plans need sound execution in order to succeed. We have committed ourselves not just to promises of high standards, but to achieving measurable outcomes. Accountability is a critical component of this plan. I have utmost confidence in our ability to deliver real results, and I look forward to sharing our success stories with you in the coming years.

General Treasurer Frank T. Caprio

Fresk T. Caprio



## **Inside Treasury:** What Drives Us

The Office of the General Treasurer receives and disburses all state funds<sup>1</sup>, issues general obligation notes and bonds, manages the investment of State funds and oversees the Retirement System for State employees, teachers, judges, State police, and participating municipal employers. The Treasurer is also responsible for the management of the Unclaimed Property Division, the Crime Victims Compensation Program (CVCP), and the State-sponsored CollegeBound *fund*.

The Treasurer sits on several boards, committees and commissions, including the State Investment Commission (Chairman), Public Finance Management Board (Chairman), Retirement Board (Chairman), Refunding Bond Authority (Chairman), Rhode Island Housing and Mortgage

Finance Corporation, Rhode Island Clean Water Board, Rhode Island Higher Education Assistance Authority, and Rhode Island Student Loan Authority.

This strategic plan encompasses the six operational programs and divisions of which the Treasury operations are principally comprised: Operations and Administration, Investments and Finance, Retirement, Business Office, Unclaimed Property, and CVCP.

Our duty is to provide superior customer service through the skillful management of taxpayers' hard-earned dollars while, above all, maintaining the highest ethical standards.

<sup>&</sup>lt;sup>1</sup>Except as may otherwise be provided by law.

## **Guiding Principles**The Strategic Platform

### **Ethical integrity**

forms the foundation of all Treasury operations. The following principles draw from this foundation to form the framework of our strategic plan:

### FISCAL RESPONSIBILITY

**CUSTOMER SERVICE** 

### EFFICIENCY THROUGH INNOVATION

Information and Communication

### on diversity

The Office of the General Treasurer is committed to equity and diversity in workplace culture as well as in relations with constituents and customers. As an Equal Opportunity Employer the department fosters staff diversity through job recruitment and selection, and promotes an environment of positive working conditions for all employees. Treasurer Caprio firmly believes that a diverse workforce best reflects Rhode Island's citizenry and enables optimal customer service. Additionally, the department encourages the pursuit of sound opportunities to expand diversity in its business relationships.

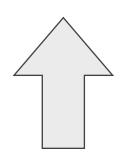
# **Guiding Principles The Strategic Platform**

FISCAL CUSTOMER SERVICE

EFFICIENCY INFORMATION AND COMMUNICATION

#### Who's Who?

Every Treasury division contributes to the strategic plan's overall success.



Operations and Administration	Investments and Finance	Retirement	Business Office	Unclaimed Property	CVCP
The locus of support for all divisions within the Treasury, ensuring the department's optimal functioning. Internally, the division encompasses the areas of personnel, budgeting, financial controls and management information systems.	Provides a broad range of fiduciary services to State agencies and government in both operational and advisory capacities. Beyond principal responsibilities of daily cash management and execution of the long-term pension investments, the division also manages Rhode Island's debt liabilities and acts as a central liaison for the State's financial relationships.	Administers the Employees' Retirement System of Rhode Island (ERSRI), a contributory public retirement system for State employees, public school teachers, judges, State police, and employees of participating municipalities. The system works to provide retirement, disability, and survivor benefits as well as informational services to nearly 60,000 active and retired	The Business Office is responsible for all of Treasury's check-related activities. In addition to printing, disbursing, and distributing all State-issued checks, the office oversees the investigation of check fraud and the reconciliation of most State bank accounts and statement balances.	Serves Rhode Islanders by reuniting rightful owners with their lost or abandoned property, whether a lost security or the contents of a dormant safe-deposit box. Acting as collector, custodian and clearinghouse for these assets, the division safeguards over \$142 million in holdings and processes an average of 13,100 claims annually.	Each year provides more than \$1.5 million in critically important financial assistance to violent crime victims and their families. As a fund of last resort, the program provides for such fundamental expenses as medical bills, lost wages, and funeral costs that are incurred as a result of violent crimes.

members.

## **Division Objectives Operations and Administration**

#### PERFORMANCE MEASURES AND SCHEDULE

Transparency Initiative:	
Phase IV – Enhance system to reconcile departmental and agency expenditures against State Budget, enabling the public to reconcile actual departmental and agency expenses versus their respective budgetary projections.	Q4 FY 11 Completion
Perform annual review of website functions and content	Q4 FYs 11-13 Completion
Update website per annual review findings to maintain currency with IT capabilities and departmental operations	Q4 FY 11 Commence
Disaster Recovery:	
Move operations to 50 Service Avenue and modify plan accordingly	Q4 FY 11 Completion
Records Management:	
Coordinate a Treasury-wide evaluation and revision process to contemporize existing records retention policy 1	Q2 FY 11 Completion
Oversee applications for certificates of record destruction as permissible under current policy	Q3 FY 11 Completion
Conduct quarterly records eliminations to ensure minimal storage accumulation	FYs 11-13 Completion
Employee Review System:	
Achieve high participation rate among staff and managers	FY 11: 90% FY 12: 95% FY 13: 95%
Complete 95% of department-wide employee evaluations and distribute feedback according to timely schedule	Q2 FYs 2011-2013
Monthly Management Meetings:	
Continue monthly division management meetings to monitor progress on strategic objectives	FYs 11-13 Completion

#### STRATEGIC HIGHLIGHTS

Our groundbreaking Transparency Initiative continues to help everyday Rhode Islanders monitor their state tax dollars at work. We pledge to keep the system forward-thinking and user-friendly through annual updates. Additionally, a scheduled move to state property will save taxpayers hundreds of thousands in rental fees annually, and a much-needed revision of Treasury's records retention policy will substantially streamline and modernize operations.

## **Division Objectives Investments and Finance**

#### PERFORMANCE MEASURES AND SCHEDULE

Fiscal Responsibility:	
Progressively improve fund outperformance versus perfect implementation annually through implementation of notional overlay <sup>1</sup>	FYs 11-13: 5 basis points <sup>2</sup>
Investment Performance:	
Increase rates of return for CD investments annually over national average	FYs 2010-2012: Achieve 20% enhanced return
Create state and municipal deposit pool for short-term cash investments	Q4 FY 11 Completion
Use cash flow analysis capabilities to enhance municipal deposit pool returns over benchmark returns	FY 11: 25% FY 12: 35% FY 13: 45%
Execute real return allocation strategy	Q4 FY 11 Completion
Select private equity consultant	Q3 FY 11 Completion
Realize \$200k via implementation of lock-box technology	Q4 FY 11 Completion
Centralize Treasury in State Banking Relationships:	
Perform annual year-end review of program with recommendations for continuance	Q4 FYs 11-13 Completion
Expand Treasury's leading-edge cash collection technology to two additional state agencies	Q4 FY 11 Completion
Monthly Management Meetings:	
Continue monthly division management meetings to monitor progress on strategic objectives	FYs 11-13 Completion

#### STRATEGIC HIGHLIGHTS

Investments division staff achieved tremendous results through FY2010's plan despite significant roadblocks in the national and state economies. This year the division maintains its high goals, planning to realize hundreds of thousands in added returns by harnessing a new deposit pool and other such vehicles. The division will also share its successful strategies and tools with other state agencies, further contributing to Rhode Island's overall fiscal health.

<sup>&</sup>lt;sup>1</sup> Fund performance is calculated only for areas to which notional overlay product is applied. The areas of private equity, real estate, and cash are therefore excluded from this calculation.

<sup>&</sup>lt;sup>2</sup> Based on the fund's total allocation as of June 30, 2010, one basis point of improved performance is equivalent to \$651,382.

# **Division Objectives Retirement**

A number of the initiatives and goals set forth by the Retirement division are derived from the Cost Effective Management (CEM) benchmarking study conducted in FY 2007. By achieving these goals, the division is also satisfying recommendations for improvement from State auditors.

#### PERFORMANCE MEASURES AND SCHEDULE

Reduced expenditures:	
Via conversion of ERSRI newsletter to electronic format	FYs 11-13: Save \$40k
Via enhancement to direct deposit system for member benefits	FY 11: Save \$20k FY 12: Save \$40k FY 13: Save \$60k
Upgrades to Anchor System:	
Determine vendor and award project contract	Q4 FY 11 Completion
Commence project of upgrades/replacement according to schedule as determined by vendor and ERSRI staff	Q1 FY 12 Commencement
Upgrades to ERSRI Forms:	
Release revised and updated forms for public and staff use	Q1 FY 11 Completion
Workflow Measurement Analysis and Backlog Management:	Ī
Analyze workflows and assess backlogs in Anchor System	Q3 FY 11 Completion
Identify priorities for restructuring	Q3 FY 11 Completion
Devise strategy to implement efficiencies	Q4 FY 11 Completion
Commence implementation	Q1 FY 12 Commencement
Formalize Service Credit Purchase Rules and Regulations:	
Phase II – Initial development and promulgation (50%)	Q2 FY 11 Completion
Phase III – Final development and promulgation (100%)	Q4 FY 11 Completion
Rules and Regulations - RI General Laws:	
Determine 2-3 regulations to analyze and draft	Q1 FY 11 Completion
Officially promulgated drafted regulations	Q4 FY 11 Completion
Disability Administration:	
Update forms on Anchor System for internal use	Q1 FY 11 Completion
Analyze legal resources and expenditures on disability services	Q1 FY 11 Completion
Devise strategy to maximize staff and fiscal resources	Q2 FY 11 Completion
Commence implementation	Q3 FY 11 Commencement

# **Division Objectives Retirement**

Customer Surveys:	
Increase percentage of surveys completed annually by counselors for services provided	FYs 11-13: 75% Completion
Perform annual analysis of survey data and issue report	FYs 11-13: Within 60 days of FY-end
Monthly Management Meetings:	
Continue monthly division management meetings to monitor progress on strategic objectives	FYs 11-13 Completion

#### STRATEGIC HIGHLIGHTS

Retirement continues to juggle many tasks in the course of administering the state's pension system for existing retirees and planning ahead to secure sustainability for future retirees and members. In executing this year's plan, the division will comprehensively assess, restructure and streamline its allocation of staff and budgetary resources to maximize service levels in the current environment. We've outlined a process and schedule from self-inventory to strategic development and finally implementation to ensure follow-through and results. A project to replace Anchor, an outdated computer operating system, is underway and will revitalize processing capabilities upon completion. Additionally, the division will maintain customer service as a top priority by pursuing higher survey participation rates and investigating means to improve telecommunications with constituents.

## **Division Objectives Business Office**

#### PERFORMANCE MEASURES AND SCHEDULE

New Benchmarks in Productivity:	
Achieve optimal levels of reconciliation for banking transactions	FYs 11-13: 98.5% of all transactions reconciled <sup>1</sup>
Increase percentage of deposits received that coincide with State Receipts by implementing a third tier of review	FYs 11-13: 99% of all transactions reconciled
Achieve high efficiency levels in issuance of standard replacement checks	FYs 11-13: 3 business days to issue check from receipt of proper documentation
Achieve high efficiency levels in issuance of outdated replacement checks - under \$10k	FYs 11-13: Average 5 business days to issue check from receipt of proper documentation
Achieve high efficiency levels in issuance of outdated replacement checks - over \$10k	FYs 11-13: Average 8 business days to issue check from receipt of proper documentation
Records Management:	
Formulate records retention policy in conjunction with State Archivist and Public Records Administrator, with emphases on cost-effectiveness and minimal paper storage	Q4 FY 11 Completion
Customer Service Survey Program:	
Expand program to survey full range of customer services provided	FYs 11-13: Survey 100% of service areas
Information and Communication:	
Continue monthly division management meetings to monitor progress on strategic objectives	FYs 11-13 Completion
Perform annual year-end performance review within first quarter of successive fiscal year	Q1 FYs 11-13 Completion

#### STRATEGIC HIGHLIGHTS

Optimal processing rates and accuracy are always the Business Office's twin goals. While this division has consistently excelled in these areas, the strategic plan has encouraged and achieved improvement over their previous high marks. Accordingly, this year we've again set the bar higher, and plan to clear books more efficiently than ever before. In pursuit of perfection, the division will likewise aim for top customer service ratings and expand its new survey program to all service areas.

<sup>&</sup>lt;sup>1</sup> All reconciliation schedules are within 30 days of receipt of banking statement.

### **Division Objectives Unclaimed Property**

#### PERFORMANCE MEASURES AND SCHEDULE

New Benchmarks in Productivity:	
Increase percentage of total property collected that is returned to rightful owners <sup>1</sup>	FY 11: 57.5% FY 12: 60.0% FY 13: 62.5%
Expedite processing of valid claims <sup>2</sup>	FY 11: Reduce to < 10 days FY 12: Reduce to < 9 days FY 13: Reduce to < 8 days
Increase collections through partnership with RI Division of Taxation	FY 11: 25% FY 12: 35% FY 13: 50%
Online auction system:	
Continue online auction system with semi-annual or more frequent auctions <sup>3</sup>	FYs 11-13 Completion
Streamlined and electronic processes:	
Convert to CD-based reporting system for holders submitting >25 entries	FY 11: 90% FY 12: 95% FY 13: 95%
Develop and implement online processes for filing claims in coordination with RI.gov	Q4 FY 11 Completion
Information and Communication:	
Complete 100% of data entry to new system for optimal accuracy and efficiency	Q2 FY 11 Completion
Educate constituents through increased community presence	FYs 11-13: 24 sites annually
Continue monthly division management meetings to monitor progress on strategic objectives	FYs 11-13 Completion

#### STRATEGIC HIGHLIGHTS

Unclaimed Property will complete the final phases of several modernizing projects that we initiated upon entering office three years ago. The transition to a new computer system will reach 100%, the online auctions will attain their first full year in operation, and a joint project with RI.gov will yield a platform that allows online filing capabilities. All these projects, and our efforts to improve customer service, will enable us to reunite collected property with constituents more quickly, accurately, and easily.

<sup>&</sup>lt;sup>1</sup> Objective pertains to all property for which there are identifiable names.

 $<sup>^2</sup>$  In FYs 07 and 08, the average number of business days required to process valid claims were estimated at 32 and 30 respectively.

<sup>&</sup>lt;sup>3</sup> The potential revenue stream from an online auction system is continuously open versus that for standard auctions, which is brought to bear every 7-9 years.

## **Division Objectives Crime Victims Compensation**

#### PERFORMANCE MEASURES AND SCHEDULE

Outreach Innovations:	
Develop a tactical PR program for each FY, reflective of current division goals, statistics, and resources	Q1 FYs 11-13 Completion
Increase total outreach contacts/visits by 15% annually	FY 11: 200/40 FY 12: 230/46 FY 13: 258/53
Streamlined processing:	
Progressively improve average percentage of claims processed within 5 months of receipt	FY 11: 99% FY 12: 99% FY 13: 99%
Progressively improve average percentage of claims processed within 4 months of receipt	FY 11: 95% FY 12: 97% FY 13: 97%
Progressively improve average percentage of claims processed within 3 months of receipt	FY 11: 85% FY 12: 90% FY 13: 90%
Information and Communication:	
Design and distribute CVCP posters to care providers	Q3 FY 11 Completion
Identify two municipalities that underutilize CVCP services and increase CVCP applications as a percentage of reported incidents of violent crime	FY 11: Increase by 20% FY 12: Increase by 25% FY 13: Increase by 25%
Utilize tracking system to perform annual year-end performance review of outreach efforts	Q2 FYs 11-13 Completion
Continue monthly division management meetings to monitor progress on strategic objectives	FYs 11-13 Completion

#### STRATEGIC HIGHLIGHTS

Continuing improvement over last year's outstanding performance, the CVCP again set higher benchmarks for its performance measures. Higher, in fact, than we first thought we could reach. Additionally, the program has committed to expanding its visibility through a PR schedule designed with our communications director, as well as expanded outreach efforts in the community and among care providers.

The Pursuit of Progress
Our primary goal is improvement over time. Each year we will evaluate our success in achieving objectives, and revise the Strategic Plan based on this measure and the most current environmental factors.

Each year's plan and scorecard will be available to the genera public on the Treasurer's website, www.treasury.ri.gov

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TREASURY DEPARTMENT
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